

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name County of Ionia	County Ionia
Audit Date December 31, 2003	Opinion Date April 2, 2004	Date Accountant Report Submitted to State: August 31, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | |
|------------------------------|--|---|
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) Layton & Richardson P.C.			
Street Address 1000 Coolidge Rd	City East Lansing	State MI	ZIP 48823
Accountant Signature Vickie R. Cravich, CPA			

IONIA COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
AND
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ionia County
Ionia, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ionia, Michigan as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Ionia, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Ionia County Road Commission. The Ionia County Road Commission represents 42% of the assets and 93% of the revenues of the component unit fund type. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ionia County Road Commission is based solely on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ionia, Michigan as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the County of Ionia, Michigan adopted the provision of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments Omnibus* and GASB 38, *Certain Financial Statement Notes Disclosures*, as of January 1, 2003.

The management's discussion and analysis and the required supplementary information on pages 3 through 9 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Ionia, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are for purposes of additional analysis and are not a required part of the basic financial statements. We have issued, in a separate letter dated April 2, 2004, a schedule of expenditures of federal awards for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and it is also not a required part of the basic financial statements of the Ionia County, Michigan, Michigan. The supplemental financial information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2004 on our consideration of the County of Ionia, Michigan's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.


Rayton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
April 2, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Ionia, we offer this narrative overview and analysis of the financial activities of the County of Ionia for the fiscal year ended December 31, 2003. The purpose of this overview and discussion is to provide a narrative insight into the financial structure and position of the County of Ionia. This Discussion and Analysis should be read in conjunction with the financial statements contained herein.

HIGHLIGHTS

Financial Highlights

- * Total Net Assets equal \$16,984,733.
- * Total Outstanding Debt is \$7,160,000.

USING THIS REPORT

As stated above, this discussion and analysis is intended to serve as an introduction to the County of Ionia basic financial statements. The basic financial statements have three components: *Government-Wide Financial Statements*; *Fund Financial Statements*; and *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

Government-Wide Financial Statements are intended to report information about the County as a whole using accounting methods similar to those used in the private sector. The *Government-Wide Financial Statements* are used to provide a long-term view of the financial stability of the County and are divided into the *Statement of Net Assets* and the *Statement of Activities*.

The *Statement of Net Assets* includes all of the County of Ionia's Assets and Liabilities. The difference between Assets and Liabilities is reported as Net Assets. Over time, increases or decreases in Net Assets may serve as a useful indicator of the financial position of the County of Ionia.

The *Statement of Activities* provides summary information regarding the revenue and expenses relating to specific programs within the County of Ionia.

Both of the *Government-Wide Financial Statements* distinguish functions of Ionia County that are principally supported by taxes and intergovernmental revenues (*Governmental-Type Activities*) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). The Governmental-Type Activities for Ionia County are combined into program areas such as Legislative, Judicial, General Government, Public Safety, Health & Welfare, and Other Activities. The Business-Type Activities include the Delinquent Tax Revolving Fund and the County Airport Fund, both of which are Enterprise Funds.

The Government-Wide Financial Statements include not only the activities for the County of Ionia, but also two legally separate entities, the Ionia County Road Commission and County Drains, for which the County of Ionia is financially accountable. These activities are known as *Component Units*, because they are reported in the County of Ionia financial statements, but are not combined with total figures for County finances.

The Government-Wide Financial Statements may be found on pages 12-15 of the audit report.

Fund Financial Statements

A *Fund* is used to group related accounts to maintain control over resources that have been segregated for specific activities or objectives. Ionia County, as with other state and local units of government, uses fund accounting to control and manage resources for particular purposes and to ensure compliance with finance-related legal requirements. All of the Funds of Ionia County can be grouped into three categories: *Governmental Funds*, *Proprietary Funds*, and *Fiduciary Funds*.

Governmental Funds: *Governmental Funds* are used to account for a majority of the basic services provided by the County, essentially those same functions reported as Governmental Activities under the Government-Wide Financial Statements. The Governmental Fund Financial Statements, however, focus on the short-term financial position, such as how cash and assets can be converted into cash flow and what balances remain at the end of a fiscal year for spending.

Because the focus of governmental funds is narrower than that of the *Government-Wide Financial Statements*, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *Governmental Activities* in the *Government-Wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The County of Ionia maintains 22 individual *Governmental Funds*. The General Fund is the primary fund used to account for activities of the County of Ionia. Other major governmental funds include the Public Health Fund and the Central Dispatch Fund. The remaining governmental funds are combined and reported in the Government-Wide Financial Statements as Other Governmental Funds. Of special note is that activities for the operation of Parks & Recreation, Friend of the Court, Resource Recovery, Building Inspector, Commission on Aging, and Courts Security are contained within the Other Governmental Funds.

The County of Ionia adopts an annual appropriate budget for its General Fund, Special Revenue Funds and the Airport Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic *Governmental Fund Financial Statements* can be found on pages 16, 18, 54-81 of the audit report.

Proprietary Funds: The County of Ionia maintains two different types of proprietary funds: *Enterprise and Internal Service*. *Enterprise Funds* are used to report the same functions presented as *Business-Type Activities* in the Government-Wide Financial Statements. The County of Ionia uses enterprise funds to account for its Delinquent Tax Revolving and Airport activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County of Ionia uses no *Internal Service Funds*.

The basic proprietary fund financial statements can be found on pages 23-25 of the audit report.

Fiduciary Funds: *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the County of Ionia's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 78 of the audit report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-51 of the audit report.

GOVERNMENT-WIDE FINANCIAL INFORMATION AND ANALYSIS

As noted earlier, Net Assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Ionia County's Assets, Liabilities, and Net Assets at December 31, 2003. This schedule shows that the County's Assets exceeded liabilities by \$16 million as of the end of 2003. *(Note: Since this is the first year of implementation of Government Accounting Standards Board Statement No. 34 which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of government-wide data will be presented.)*

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2002	2003	2002	2003	2002	2003	
Assets							
Current Assets							
Cash	*	\$ 3,446,543	*	\$ 1,590,320	*	\$ 5,036,863	*
Investments	*	\$ -	*	\$ 4,918,849	*	\$ 4,918,849	*
Other Current Assets	*	\$ 7,360,501	*	\$ 855,133	*	\$ 8,215,634	*
Non-Current Assets							
Fixed (Capital) Assets	*	\$ 6,047,387	*	\$ 1,505,624	*	\$ 7,553,011	*
Other Non-Current Assets		\$ 63,000		\$ -		\$ 63,000	
Total Assets	\$ -	\$ 16,917,431	\$ -	\$ 8,869,926	\$ -	\$ 25,787,357	*
Liabilities							
Current Liabilities	*	\$ 1,579,598	*	\$ 3,514	*	\$ 1,583,112	*
Non-Current Liabilities							
Bonds & Notes Payable	*	\$ 6,540,000	*	\$ -	*	\$ 6,540,000	*
Accrued Sick & Vacation Pay	*	\$ 679,512	*	\$ -	*	\$ 679,512	*
Total Liabilities	\$ -	\$ 8,799,110	\$ -	\$ 3,514	\$ -	\$ 8,802,624	*
Net Assets							
Invested in capital, Net of Debt	*	\$ (1,112,613)	*	\$ 1,505,624	*	\$ 393,011	*
Restricted	*	\$ -	*	\$ 679,880	*	\$ 679,880	*
Unrestricted	*	\$ 9,230,934	*	\$ 6,680,908	*	\$ 15,911,842	*
Total Net Assets	\$ -	\$ 8,118,321	\$ -	\$ 8,866,412	\$ -	\$ 16,984,733	

* Comparative Data not available due to first year of GASB-34 implementation

Further exploration reveals that the largest share, \$9.9 million or 38 percent, of the County of Ionia's Assets were in Cash and Investments. Other Current Assets, which consists mainly of \$7.3 million in Taxes Receivable, make up 31 percent of the County's assets, while Fixed, or Capital, Assets (such as land, buildings, machinery and equipment), make up 29 percent.

Bonds and Notes Payable consist of a majority (81 percent) of the County's liabilities. These outstanding Bonds and Notes Payable are described in more detail in the Notes section of the audit report.

A further breakdown of the County of Ionia's \$17 million in Net Assets, and the change in Net Assets during 2003, is shown in the following table. During the reporting period, the County experienced a nine percent increase in total assets (factoring in prior period adjustments).

	Governmental Activities		Business-Type Activities		Total
Revenue:					
Program Revenue					
Charges for Services	\$	4,886,332	\$	279,215	\$ 5,165,547
Operating Grants & Contributions	\$	3,774,441	\$	-	\$ 3,774,441
Capital Grants & Contributions	\$	-	\$	-	\$ -
General Revenue					
Property Taxes	\$	5,240,582	\$	-	\$ 5,240,582
Other	\$	3,094,296	\$	594,579	\$ 3,688,875
Total Revenue	\$	16,995,651	\$	873,794	\$ 17,869,445
Expenses:					
Legislative	\$	80,666			\$ 80,666
Judicial	\$	2,611,079			\$ 2,611,079
General Government	\$	2,338,877			\$ 2,338,877
Public Safety	\$	4,642,210			\$ 4,642,210
Health & Welfare	\$	3,452,641			\$ 3,452,641
Other	\$	2,997,350			\$ 2,997,350
Interest on Long-Term Debt	\$	192,042			\$ 192,042
Delinquent Tax Revolving			\$	31,458	\$ 31,458
Airport			\$	161,688	\$ 161,688
Total Expenses	\$	16,314,865	\$	193,146	\$ 16,508,011
Increase (Decrease) before Transfers	\$	680,786	\$	680,648	\$ 1,361,434
Transfers	\$	346,322	\$	(475,265)	\$ (128,943)
Increase (Decrease) of Net Assets	\$	1,027,108	\$	205,383	\$ 1,232,491
Net Assets, January 1	\$	7,115,644	\$	7,040,036	\$ 14,155,680
Prior Period Adjustments	\$	(24,431)	\$	1,620,993	\$ 1,596,562
Net Assets, December 31	\$	8,118,321	\$	8,866,412	\$ 16,984,733

ANALYSIS OF INDIVIDUAL FUNDS

The County of Ionia uses fund accounting in order to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Most governmental activities are accounted for in the General Fund, although some governmental activities, particularly those with a dedicated source of revenue, are accounting for in Special Revenue Funds.

The focus of these Governmental Funds is to provide information on near-term inflows, outflows, and balances of available resources. The County of Ionia's Governmental Fund statements break down this information in categories for the General Fund, the Public Health Fund, the Central Dispatch Fund, Other Governmental Funds, and a Total of all funds.

The chief operating fund of the County of Ionia, the General Fund, finished with a balance of \$601,248. Of this, \$538,248 is considered unreserved, which means it is available for spending at the government's discretion. A common financial management practice is to designate a portion of fund balance toward maintaining current services during unexpected, catastrophic events. A common suggested benchmark is 8 to 12 percent of expenditures (including transfers to other funds), or about one to 1½ months of services. The County of Ionia strives to maintain fund balances closer to the 16 percent range, or about 2 months of services, in most of its governmental funds. The current unreserved fund balance in the General Fund of \$538,248 represents 5.4 percent of expenditures during 2003.

The Public Health Fund finished 2003 with a balance of \$553,803. Of this, \$525,458 is unreserved, representing 38.5 percent of total expenditures. This fairly substantial fund balance is the result of General Fund appropriations during the late 90's that exceeded the needs of the fund. These appropriations accumulated within the Public Health Fund and continue to be held in that fund. During the past few years, General Fund appropriations to the Public Health fund have been greatly reduced (by more than 50 percent), while annual budgets for the fund have anticipated the use of fund balance to cover the reduced General Fund appropriation.

The Central Dispatch Fund finished 2003 with a balance of \$445,741. Of this, \$315,610 is unreserved, representing 26.4 percent of total expenditures. The major source of revenue for the Central Dispatch Fund is a 16 percent surcharge on telephones, which is renewed by voters every four years.

A total of \$2,042,180 is reported as fund balance for Other Governmental Funds. Of this, \$906,742 is unreserved, representing 17 percent of total expenditures. For all Governmental Funds (General, Permanent and Special Revenue), there is a \$3.5 million fund balance, of which \$2.3 million is unreserved. This represents 14 percent of total expenditures for all Governmental Funds, well above the 8 to 12 percent of fund balance recommended, but still two percentage points below the County's established guidelines.

Further information on the Governmental Funds can be found on pages 16-22 and 54-81 of the audit report.

Proprietary Funds: The County of Ionia's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail.

The Delinquent Tax Revolving Fund is used for the administration of delinquent tax payments to local units of government, and the collection of payments and penalties from delinquent taxpayers. The County of Ionia uses interest earned from the Delinquent Tax Revolving Fund to finance various capital and other projects. Interest is earned on the fund through investments, but also from penalties assessed to delinquent taxpayers. Typically, the County of Ionia uses audited interest earned figures from the prior year to allocate resources for the upcoming budget year. For example, the current audit report states that there was \$594,579 in interest earned for the 2003 reporting period. That figure will be used for the 2005 budget.

The Airport Fund is used to maintain the Ionia County Airport. Some grant-related activity flows through the Airport Fund, such as payments to the Michigan Department of Transportation, Bureau of Aeronautics, as match money for federal/state airport improvement grants. The Ionia County Airport receives \$150,000 annually from the federal government for airport improvement projects. The County must match five percent.

The proprietary fund financial statements can be found on pages 23-25 of the audit report.

BUDGET VARIANCE ANALYSIS

Significant changes to the General Fund budget include adjustments to account for the loss of State Revenue Sharing, which is distributed by the State of Michigan to local units of government through funds collected from the State Sales Tax. The County of Ionia experienced a \$238,379 loss in anticipated State Revenue Sharing funds. Another significant revenue change was the increase in Register of Deeds Fee revenue, the result of many more documents being filed in that office in addition to partial year increases in the rate at which fees are charged.

There were no significant expenditure variances to report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The County of Ionia's investment in Fixed (Capital) Assets was \$7.5 million by the end of 2003, as shown in the following table. For many years, the County of Ionia did not track and report Fixed Assets, although this was changed in 2003. Future reports will discuss comparable data and trends from year-to-year.

	Governmental Activities	Business-Type Activities
Non-Depreciated Assets		
Land	\$ 331,075	\$ 210,060
Depreciated Assets		
Buildings	\$ 6,239,784	\$ 177,909
Improvements	\$ 1,274,762	\$ 1,707,261
Machinery & Equipment	\$ 1,151,834	\$ 4,016
Less: Accumulated Depreciation	\$ 2,950,068	\$ 593,622
Net Capital Assets	\$ 6,047,387	\$ 1,505,624

The County of Ionia had \$7.1 million in outstanding debt at the end of 2003. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The County of Ionia has been able to leverage its large tax base and superior bond rating to the benefit of its local units of government, particularly the Ionia Area Sewage Disposal System, and the Ionia County Road Commission.

The County of Ionia's only outstanding obligation that is not paid by a benefiting entity is the \$620,000 Building Authority bond that was issued to construct the Health Building.

	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Governmental Activities			
County of Ionia SDS #1	\$ 290,000	\$ 290,000	\$ -
County of Ionia SDS #2	\$ 3,500,000	\$ 3,500,000	\$ -
Michigan State Revolving Loan Fund - SDS	\$ 2,750,000	\$ 2,750,000	\$ -
County of Ionia - Health Building	\$ 620,000	\$ -	\$ 620,000
County of Ionia Subtotal	\$ 7,160,000	\$ 6,540,000	\$ 620,000
Component Units			
Transportation Fund Bonds	\$ 905,000	\$ 905,000	\$ -
2002 Road Commission Installment Loan	\$ 106,051	\$ 106,051	\$ -
2003 Road Commission Installment Loan	\$ 141,331	\$ 141,331	\$ -
Various Drainage District Bonds	\$ 1,055,027	\$ 1,055,027	\$ -
Collier-Mud Creek Intercounty Drain	\$ 54,621	\$ 54,621	\$ -
Total Outstanding Debt	\$ 16,582,030	\$ 15,342,030	\$ 1,240,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

While there are minimal signs that the national economy may be on the rebound, Michigan does not appear to be enjoying this same recovery. The national unemployment rate in July, 2004, for example, was 5.5%, while Michigan stood at 6.8%. Other similar trends appear in Michigan's economy. A study by the Nelson A. Rockefeller Institute of Government listed Michigan as one of only three states that did not report more in quarterly tax receipts during the first quarter of 2004 compared to the first quarter of 2003 (*although the report did indicate that certain changes in tax collections had some impact on overall revenues reported*). Stagnant revenues at the state level mean fewer dollars shared with local units of government, particularly counties. State Revenue Sharing has already been dramatically reduced in 2004, with anticipated cuts of 18 percent in FY 2005.

In addition to revenue sharing cuts, the County of Ionia will have to account for a 27th pay period in 2004 which will likely have a negative impact on fund balance. While this will be a one-time expense (it occurs about every 12 years for organizations that pay on a bi-weekly basis), early projections for 2005 are bleak at best.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Any questions about this report, or requests for additional financial information, may be directed to:

Ionia County Administration
Finance Department
100 West Main Street
Ionia, MI 48846

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GENERAL PURPOSE FINANCIAL STATEMENTS

The Combined Statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

IONIA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
DECEMBER 31, 2003

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 3,446,543	\$ 1,590,320	\$ 5,036,863	\$ 1,610,500
Investments		4,918,849	4,918,849	
Receivables				
Taxes	6,451,030	854,811	7,305,841	
Accounts	110,063	536	110,599	51,637
Prepaid expenses	9,925		9,925	121,283
Inventory				289,886
Due from				
Other funds	348,609		348,609	
Other governmental units	440,874	(214)	440,660	916,463
Long-term capital advance to capital project fund	8,000		8,000	
Long-term advance to enterprise fund	55,000		55,000	
Fixed assets (net of accumulated depreciation)	<u>6,047,387</u>	<u>1,505,624</u>	<u>7,553,011</u>	<u>32,268,663</u>
 TOTAL ASSETS	 \$ <u>16,917,431</u>	 \$ <u>8,869,926</u>	 \$ <u>25,787,357</u>	 \$ <u>35,258,432</u>

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	\$ 289,377	\$ 3,514	\$ 292,891	\$ 82,537
Retention				1,767
Payroll and payroll taxes	416,540		416,540	
Due to other units	3,882		3,882	39,276
Deferred revenue	147,199		147,199	
Accrued liabilities				61,546
Accrued interest	102,600		102,600	148,445
Deposits payable				280,746
Bonds and notes payable	620,000		620,000	634,098
Noncurrent liabilities				
Bonds and notes payable	6,540,000		6,540,000	1,649,932
Accrued sick and vacation pay	679,512		679,512	186,892
TOTAL LIABILITIES	<u>8,799,110</u>	<u>3,514</u>	<u>8,802,624</u>	<u>3,085,239</u>
NET ASSETS				
Invested in capital assets, net of related debt	(1,112,613)	1,505,624	393,011	30,006,633
Restricted				398,009
Reserved for				
Capital improvements		345,880	345,880	
Airport grant match		20,000	20,000	
Facilities		250,000	250,000	
Road commission bridge grant		64,000	64,000	
Unrestricted	<u>9,230,934</u>	<u>6,680,908</u>	<u>15,911,842</u>	<u>1,768,551</u>
TOTAL NET ASSETS	<u>8,118,321</u>	<u>8,866,412</u>	<u>16,984,733</u>	<u>32,173,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,917,431</u>	<u>\$ 8,869,926</u>	<u>\$ 25,787,357</u>	<u>\$ 35,258,432</u>

IONIA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental activities			
Legislative	\$ 80,666	\$	\$ 1,161,000
Judicial	2,611,079	2,359,728	
General government	2,338,877	646,149	143,397
Public safety	4,642,210	828,282	226,799
Health and welfare	3,452,641	899,061	1,390,592
Other	2,997,350	153,112	852,653
Interest on long-term debt	192,042		
Total governmental activities	<u>16,314,865</u>	<u>4,886,332</u>	<u>3,774,441</u>
Business-type activities			
Delinquent tax revolving	31,458	252,925	
Airport	161,688	26,290	
Total business-type activities	<u>193,146</u>	<u>279,215</u>	
Total primary government	<u>\$ 16,508,011</u>	<u>\$ 5,165,547</u>	<u>\$ 3,774,441</u>
Component units			
Road commission	\$ 7,158,023	\$ 1,266,363	\$ 7,287,061
Drains	441,595		
Total Component Units	<u>\$ 7,599,618</u>	<u>\$ 1,266,363</u>	<u>\$ 7,287,061</u>

General revenues
Property taxes levied for general purposes
Property taxes levied for debt service
Licenses and permits
Sales taxes
Miscellaneous
Lease income
Alcoholic beverage taxes
Fines and forfeitures
Unrestricted investment earnings
Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1

Prior period adjustment

Net assets, December 31

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$ (80,666)	\$	\$ (80,666)	\$
	909,649		909,649	
	(1,549,331)		(1,549,331)	
	(3,587,129)		(3,587,129)	
	(1,162,988)		(1,162,988)	
	(1,991,585)		(1,991,585)	
	(192,042)		(192,042)	
	<u>(7,654,092)</u>		<u>(7,654,092)</u>	
		221,467	221,467	
		(135,398)	(135,398)	
		86,069	86,069	
\$	<u>(7,654,092)</u>	<u>86,069</u>	<u>(7,568,023)</u>	
\$				1,395,401
				(441,519)
\$				<u>953,882</u>
	5,108,513		5,108,513	430,276
	132,069		132,069	
	116,433		116,433	41,260
	1,168,174		1,168,174	
	1,345,229		1,345,229	175,435
	81,193		81,193	
	10,136		10,136	
	213,061		213,061	
	160,070	594,579	754,649	40,529
	346,322	(475,265)	(128,943)	144,472
	<u>8,681,200</u>	<u>119,314</u>	<u>8,800,514</u>	<u>831,972</u>
	1,027,108	205,383	1,232,491	1,785,854
	7,115,644	7,040,036	14,155,680	30,387,339
	(24,431)	1,620,993	1,596,562	
\$	<u>8,118,321</u>	<u>8,866,412</u>	<u>16,984,733</u>	<u>\$ 32,173,193</u>

IONIA COUNTY, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	GENERAL	COUNTY HEALTH	E-911 CENTRAL DISPATCH	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash investments	\$ 510,008	\$ 524,804	\$ 373,411	\$ 2,038,320	\$ 3,446,543
Current and delinquent property taxes receivable	6,451,030				6,451,030
Accounts receivable	12,135	19,764	72,330	5,834	110,063
Prepaid expenses	2,202			7,723	9,925
Due from other funds	366,072				366,072
Due from other governmental units	238,230	9,235		193,409	440,874
Long-term advance to capital project fund	8,000				8,000
Long-term advance to internal service fund	55,000				55,000
TOTAL ASSETS	\$ 7,642,677	\$ 553,803	\$ 445,741	\$ 2,245,286	\$ 10,887,507
LIABILITIES					
Due to other funds	\$	\$	\$	\$ 17,463	\$ 17,463
Accounts payable	155,721	6,561	13,286	113,809	289,377
Accrued payroll	289,548	21,784	33,374	71,834	416,540
Due to other governmental units			3,882		3,882
Deferred revenue	6,596,160		2,069		6,598,229
TOTAL LIABILITIES	7,041,429	28,345	52,611	203,106	7,325,491
FUND BALANCE					
Reserved for long-term advances	63,000				63,000
Reserved for capital projects			77,520	613,102	690,622
Reserved for debt service				241,028	241,028
Reserved for cemetery trust				281,308	281,308
Unreserved, reported in					
General fund	538,248				538,248
Special revenue funds		525,458	315,610	901,960	1,743,028
Permanent fund				4,782	4,782
TOTAL FUND EQUITY	601,248	525,458	393,130	2,042,180	3,562,016
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,642,677	\$ 553,803	\$ 445,741	\$ 2,245,286	\$ 10,887,507

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

DECEMBER 31, 2003

Total fund balances-governmental funds		\$	3,562,016
Amounts reported for governmental activities in the statement of net assets are different because			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$8,997,455 and the accumulated depreciation is \$2,950,068			6,047,387
An internal service fund is used by the County's management to charge the costs of vehicle use to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.			
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Long-term liabilities at year-end consist of:			
Bonds payable	\$	7,160,000	
Accrued interest		102,600	
Contracts payable			
Compensated absences		<u>679,512</u>	(7,942,112)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			6,451,030
Total net assets-governmental activities		\$	<u><u>8,118,321</u></u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL	COUNTY HEALTH	E-911 CENTRAL DISPATCH	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 4,964,598	\$	\$	\$ 132,069	\$ 5,096,667
Licenses and permits	116,433				116,433
Federal and state grants	2,227,939	868,162		1,881,554	4,977,655
Contributions from local units and private sources				540,717	540,717
Charges for services	2,212,770	302,542	1,185,860	619,539	4,320,711
Fines and forfeitures	185,020			28,041	213,061
Interest and rents	93,872		3,555	62,643	160,070
Lease income				81,193	81,193
Other	349,446		6,265	703,253	1,058,964
TOTAL REVENUES	<u>10,150,078</u>	<u>1,170,704</u>	<u>1,195,680</u>	<u>4,049,009</u>	<u>16,565,471</u>
EXPENDITURES					
Legislative	79,296				79,296
Judicial	1,907,146			700,838	2,607,984
General government	2,366,067			8,497	2,374,564
Public safety	2,988,599		1,195,502	373,226	4,557,327
Health and welfare	122,887	1,365,656		1,987,580	3,476,123
Capital outlay				(35,429)	(35,429)
Other	1,535,135			1,210,213	2,745,348
Debt Service					
Principal				629,550	629,550
Interest and fees				198,831	198,831
TOTAL EXPENDITURES	<u>8,999,130</u>	<u>1,365,656</u>	<u>1,195,502</u>	<u>5,073,306</u>	<u>16,633,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,150,948</u>	<u>(194,952)</u>	<u>178</u>	<u>(1,024,297)</u>	<u>(68,123)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	25,000	189,468		1,032,536	1,247,004
Operating transfers out	(900,682)				(900,682)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(875,682)</u>	<u>189,468</u>		<u>1,032,536</u>	<u>346,322</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>275,266</u>	<u>(5,484)</u>	<u>178</u>	<u>8,239</u>	<u>278,199</u>
FUND BALANCE, JANUARY 1	<u>325,982</u>	<u>553,461</u>	<u>392,952</u>	<u>2,035,853</u>	<u>3,308,248</u>
PRIOR PERIOD ADJUSTMENT		<u>(22,519)</u>		<u>(1,912)</u>	<u>(24,431)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 601,248</u>	<u>\$ 525,458</u>	<u>\$ 393,130</u>	<u>\$ 2,042,180</u>	<u>\$ 3,562,016</u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Net changes in fund balances-total governmental funds	\$ 278,199
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	307,879
Less: current year depreciation	(282,895)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	143,915
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Accrued interest	6,789
Principal payments	629,550
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are	
Change in long-term compensated absences	<u>(56,329)</u>
Change in net assets of governmental activities	\$ <u><u>1,027,108</u></u>

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 4,998,000	\$ 4,998,000	\$ 4,964,598	\$ (33,402)
Licenses and permits	118,500	115,500	116,433	933
Federal and state grants	2,465,544	2,325,320	2,227,939	(97,381)
Charges for services	1,882,500	2,525,737	2,212,770	(312,967)
Fines and forfeitures	160,000	160,000	185,020	25,020
Interest and rents	134,000	134,000	93,872	(40,128)
Other	<u>434,586</u>	<u>325,573</u>	<u>349,446</u>	<u>23,873</u>
TOTAL REVENUES	<u>10,193,130</u>	<u>10,584,130</u>	<u>10,150,078</u>	<u>(434,052)</u>
EXPENDITURES				
Legislative	77,915	77,915	79,296	(1,381)
Judicial	2,030,174	2,002,074	1,907,146	94,928
General government	2,407,294	2,860,046	2,366,067	493,979
Public safety	3,047,882	3,107,706	2,988,599	119,107
Health and welfare	148,280	151,630	122,887	28,743
Other	<u>1,706,175</u>	<u>1,543,395</u>	<u>1,535,135</u>	<u>8,260</u>
TOTAL EXPENDITURES	<u>9,417,720</u>	<u>9,742,766</u>	<u>8,999,130</u>	<u>743,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>775,410</u>	<u>841,364</u>	<u>1,150,948</u>	<u>309,584</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	25,000	25,000	25,000	
Operating transfers out	<u>(857,638)</u>	<u>(896,988)</u>	<u>(900,682)</u>	<u>(3,694)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(832,638)</u>	<u>(871,988)</u>	<u>(875,682)</u>	<u>(3,694)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(57,228)	(30,624)	275,266	305,890
FUND BALANCE, JANAURY 1	<u>325,982</u>	<u>325,982</u>	<u>325,982</u>	
FUND BALANCE, DECEMBER 31	<u><u>\$ 268,754</u></u>	<u><u>\$ 295,358</u></u>	<u><u>\$ 601,248</u></u>	<u><u>\$ 305,890</u></u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

COUNTY HEALTH

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Federal and state grants	\$ 740,462	\$ 807,797	\$ 868,162	\$ 60,365
Charges for services	<u>460,688</u>	<u>324,408</u>	<u>302,542</u>	<u>(21,866)</u>
TOTAL REVENUES	<u>1,201,150</u>	<u>1,132,205</u>	<u>1,170,704</u>	<u>38,499</u>
EXPENDITURES				
Health and welfare	<u>1,659,386</u>	<u>1,529,556</u>	<u>1,365,656</u>	<u>163,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>(458,236)</u>	<u>(397,351)</u>	<u>(194,952)</u>	<u>202,399</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>254,041</u>	<u>396,394</u>	<u>189,468</u>	<u>(206,926)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(204,195)</u>	<u>(957)</u>	<u>(5,484)</u>	<u>(4,527)</u>
FUND BALANCE, JANUARY 1	553,461	553,461	553,461	
PRIOR PERIOD ADJUSTMENT	<u> </u>	<u> </u>	<u>(22,519)</u>	<u>(22,519)</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 349,266</u></u>	<u><u>\$ 552,504</u></u>	<u><u>\$ 525,458</u></u>	<u><u>\$ (27,046)</u></u>

IONIA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E-911 CENTRAL DISPATCH
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 1,030,169	\$ 1,203,000	\$ 1,185,860	\$ (17,140)
Interest and rents	5,650	4,800	3,555	(1,245)
Other	<u>3,781</u>	<u>6,000</u>	<u>6,265</u>	<u>265</u>
TOTAL REVENUES	<u>1,039,600</u>	<u>1,213,800</u>	<u>1,195,680</u>	<u>(18,120)</u>
EXPENDITURES				
Public safety	<u>1,039,595</u>	<u>1,260,725</u>	<u>1,195,502</u>	<u>65,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5	(46,925)	178	47,103
FUND BALANCE, JANUARY 1	<u>392,952</u>	<u>392,952</u>	<u>392,952</u>	
FUND BALANCE, DECEMBER 31	<u><u>\$ 392,957</u></u>	<u><u>\$ 346,027</u></u>	<u><u>\$ 393,130</u></u>	<u><u>\$ 47,103</u></u>

IONIA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2003

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	DELIQUENT TAX REVOLVING	AIRPORT	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,579,403	\$ 10,917	\$ 1,590,320
Investments	4,918,849		4,918,849
Receivables			
Accounts		536	536
Taxes	854,811		854,811
Due from other units			
TOTAL CURRENT ASSETS	<u>7,353,063</u>	<u>11,453</u>	<u>7,364,516</u>
PROPERTY, PLANT AND EQUIPMENT			
Land and improvements		210,060	210,060
Buildings and structures		1,889,186	1,889,186
		<u>2,099,246</u>	<u>2,099,246</u>
Less: accumulated depreciation		<u>593,622</u>	<u>593,622</u>
NET PROPERTY, PLANT AND EQUIPMENT		<u>1,505,624</u>	<u>1,505,624</u>
TOTAL ASSETS	<u>\$ 7,353,063</u>	<u>\$ 1,517,077</u>	<u>\$ 8,870,140</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ <u>214</u>	\$ <u>3,514</u>	\$ <u>3,728</u>
NET ASSETS			
Reserved for airport grant match	20,000		20,000
Reserved for facilities	250,000		250,000
Reserved for road commission bridge grant	64,000		64,000
Reserved for capital improvement	345,880		345,880
Unreserved	<u>6,672,969</u>	<u>1,513,563</u>	<u>8,186,532</u>
TOTAL NET ASSETS	<u>7,352,849</u>	<u>1,513,563</u>	<u>8,866,412</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,353,063</u>	<u>\$ 1,517,077</u>	<u>\$ 8,870,140</u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	BUSINESS TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	DELIQUENT TAX REVOLVING	AIRPORT	TOTAL
OPERATING REVENUES			
Charges for services	\$	\$ 26,290	\$ 26,290
Collection fees on delinquent taxes	<u>252,925</u>	<u></u>	<u>252,925</u>
TOTAL OPERATING REVENUES	<u>252,925</u>	<u>26,290</u>	<u>279,215</u>
OPERATING EXPENSES	<u>31,458</u>	<u>161,688</u>	<u>193,146</u>
OPERATING INCOME (LOSS)	<u>221,467</u>	<u>(135,398)</u>	<u>86,069</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earned	<u>594,579</u>	<u></u>	<u>594,579</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	816,046	(135,398)	680,648
OPERATING TRANSFERS			
Operating transfers out	<u>(475,265)</u>	<u></u>	<u>(475,265)</u>
NET INCOME (LOSS)	340,781	(135,398)	205,383
PRIOR PERIOD ADJUSTMENT		1,620,993	1,620,993
NET ASSETS, JANUARY 1	<u>7,012,068</u>	<u>27,968</u>	<u>7,040,036</u>
NET ASSETS, DECEMBER 31	<u>\$ 7,352,849</u>	<u>\$ 1,513,563</u>	<u>\$ 8,866,412</u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS		
	DELINQUENT TAX REVOLVING	AIRPORT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 933,199	\$ 25,754	\$ 958,953
Cash payment for goods and services	<u>(31,458)</u>	<u>(46,901)</u>	<u>(78,359)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>901,741</u>	<u>(21,147)</u>	<u>880,594</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers out	<u>(475,265)</u>		<u>(475,265)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>594,579</u>		<u>594,579</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,021,055	(21,147)	999,908
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>5,477,197</u>	<u>32,064</u>	<u>5,509,261</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 6,498,252</u></u>	<u><u>\$ 10,917</u></u>	<u><u>\$ 6,509,169</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ <u>221,467</u>	\$ <u>(135,398)</u>	\$ <u>86,069</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation		115,369	115,369
(Increase) decrease in accounts receivable	112,401	(536)	111,865
(Increase) decrease in due from other units	567,659		567,659
Increase (decrease) in accounts payable	<u>214</u>	<u>(582)</u>	<u>(368)</u>
Total adjustments	<u>680,274</u>	<u>114,251</u>	<u>794,525</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 901,741</u></u>	<u><u>\$ (21,147)</u></u>	<u><u>\$ 880,594</u></u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	\$ 832,793	\$ 241,028
Accounts receivable	4,631	
Due from other governmental units	193,409	
Prepaid expenses	<u>7,723</u>	
TOTAL ASSETS	<u>\$ 1,038,556</u>	<u>\$ 241,028</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	\$ 17,463	\$
Payables		
Accounts	47,299	
Payroll and payroll taxes	<u>71,834</u>	
TOTAL LIABILITIES	<u>136,596</u>	
FUND BALANCE		
Reserved for cemetery perpetual care		
Reserved for debt service		241,028
Unreserved	<u>901,960</u>	
TOTAL FUND BALANCE	<u>901,960</u>	<u>241,028</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,038,556</u>	<u>\$ 241,028</u>

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 120,831	\$ 843,668	\$ 2,038,320
1,203		5,834
		193,409
		7,723
<u>122,034</u>	<u>843,668</u>	<u>2,245,286</u>
\$	\$	\$
		17,463
	66,510	113,809
	<u>66,510</u>	<u>71,834</u>
		203,106
	281,308	281,308
122,034	495,850	241,028
<u>122,034</u>	<u>777,158</u>	<u>1,519,844</u>
\$ <u>122,034</u>	\$ <u>843,668</u>	\$ <u>2,245,286</u>

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	\$	\$ 132,069
Intergovernmental	1,881,554	
Contributions from local units and private sources	6,452	534,265
Charges for services	629,158	
Fines and forfeits	28,041	
Lease income		81,193
Interest and rentals	4,507	55,784
Other revenues	<u>545,600</u>	
TOTAL REVENUES	<u>3,095,312</u>	<u>803,311</u>
EXPENDITURES		
Judicial	700,838	
General government	8,497	
Public safety	373,226	
Health and welfare	1,987,580	
Capital outlay		
Other	575,701	
Debt service		
Principal		629,550
Interest and fees		<u>198,831</u>
TOTAL EXPENDITURES	<u>3,645,842</u>	<u>828,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(550,530)</u>	<u>(25,070)</u>
OTHER FINANCING SOURCES		
Operating transfers in	<u>746,271</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	195,741	(25,070)
RESIDUAL EQUITY TRANSFER	(326,306)	
PRIOR PERIOD ADJUSTMENT		(1,912)
FUND BALANCE, JANUARY 1	<u>1,032,525</u>	<u>268,010</u>
FUND BALANCE, DECEMBER 31	<u>\$ 901,960</u>	<u>\$ 241,028</u>

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$	\$	\$
		132,069
		1,881,554
		540,717
(9,619)		619,539
		28,041
		81,193
2,352		62,643
	157,653	703,253
<u>(7,267)</u>	<u>157,653</u>	<u>4,049,009</u>
		700,838
		8,497
		373,226
		1,987,580
(35,429)		(35,429)
	634,512	1,210,213
		629,550
		198,831
<u>(35,429)</u>	<u>634,512</u>	<u>5,073,306</u>
28,162	(476,859)	(1,024,297)
	286,265	1,032,536
28,162	(190,594)	8,239
(355,356)	681,662	
		(1,912)
449,228	286,090	2,035,853
\$ <u>122,034</u>	\$ <u>777,158</u>	\$ <u>2,042,180</u>

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IONIA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2003

	SPECIAL ASSESSMENT DRAIN	ROAD COMMISSION	TOTAL
ASSETS			
Cash	\$ 1,134,977	\$ 475,523	\$ 1,610,500
Accounts receivable		51,637	51,637
Due from other governmental units		916,463	916,463
Prepaid expense		121,283	121,283
Inventory		289,886	289,886
Capital assets (net of accumulated depreciation)	<u>93,767</u>	<u>32,174,896</u>	<u>32,268,663</u>
TOTAL ASSETS	<u><u>\$ 1,228,744</u></u>	<u><u>\$ 34,029,688</u></u>	<u><u>\$ 35,258,432</u></u>
LIABILITIES			
Accounts payable	\$ 649	\$ 81,888	\$ 82,537
Retention payable		1,767	1,767
Accrued liabilities		61,546	61,546
Due to other governmental units		39,276	39,276
Advances and deposits	63,000	217,746	280,746
Accrued interest	130,549	17,896	148,445
Long-term liabilities			
Portion due within one year	386,118	247,980	634,098
Portion due after one year	<u>723,530</u>	<u>1,113,294</u>	<u>1,836,824</u>
TOTAL LIABILITIES	<u>1,303,846</u>	<u>1,781,393</u>	<u>3,085,239</u>
NET ASSETS			
Invested in capital assets, net of related debt	(1,015,881)	31,022,514	30,006,633
Restricted		398,009	398,009
Unrestricted	<u>940,779</u>	<u>827,772</u>	<u>1,768,551</u>
TOTAL NET ASSETS	<u>(75,102)</u>	<u>32,248,295</u>	<u>32,173,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,228,744</u></u>	<u><u>\$ 34,029,688</u></u>	<u><u>\$ 35,258,432</u></u>

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2003

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
Component units			
Special assessment drain	\$ 441,519	\$	\$
Road commission	<u>7,158,023</u>	<u>1,266,363</u>	<u>7,287,061</u>
Total Component Units	<u>\$ 7,599,542</u>	<u>\$ 1,266,363</u>	<u>\$ 7,287,061</u>
General revenues			
Property taxes			
Licenses and permits			
Miscellaneous			
Unrestricted investment earnings			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets, January 1			
Net assets, December 31			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	SPECIAL ASSESSMENT DRAIN	ROAD COMMISSION	TOTAL
\$	\$ (441,519)	\$	\$ (441,519)
		1,395,401	1,395,401
\$	(441,519)	1,395,401	953,882
	430,276		430,276
		41,260	41,260
	188,240	67,667	255,907
	21,725	18,804	40,529
		64,000	64,000
	640,241	191,731	831,972
	198,722	1,587,132	1,785,854
	(273,824)	30,661,163	30,387,339
	\$ (75,102)	\$ 32,248,295	\$ 32,173,193

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IONIA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ionia County, Michigan was organized in 1837 and covers an area of approximately 575 square miles, with the county seat located in the City of Ionia. The County operates under an elected Board of Commissioners (seven members) and provides services to its more than 60,000 residents in many areas, including law enforcement, administration of justice, community enrichment and development and human services.

The accounting policies of the County of Ionia, Michigan conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the County are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the County's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the County.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the County in the component unit column to emphasize their legally separate status from the primary government. The County is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Road Commission
Special Assessment Drains

Complete financial statements for each individual component unit may be obtained at the entity's administrative office.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the County of Ionia, Michigan and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the County of Ionia, Michigan is reported separately from certain legally separate component units for which the County of Ionia, Michigan, the primary government, is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to fund liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County of Ionia.

The County of Ionia reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The County Health fund accounts for health and welfare projects.

The E-911 Central Dispatch fund accounts for the activities used to run and maintain the dispatch service.

The County of Ionia reports the following major proprietary funds:

The Delinquent Tax Revolving fund accounts for the activities of all delinquent tax payments.

The Airport fund accounts for the activities and operations of the County Airport.

Additionally, the County of Ionia reports the following fund types:

General designated fund is used to account for money set aside for capital projects.

The Cemetery Trust fund is used to account for resources legally held in trust to be used for cemetery perpetual care. All earnings of the fund, including any earnings on invested resources, may be used to support the organization's activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County of Ionia has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Delinquent Tax Revolving, Airport, and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

When both restricted and unrestricted resources are available for use, it is the County of Ionia's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

Budgets for the General and Special Revenue Funds are enacted by the County Board of Commissioners annually through passage of a resolution, which establishes appropriations and identifies resources to finance them. Budgets are enacted by activity and, more specifically, by personnel expenditures and supplies and services within activity. Unexpended appropriations lapse at each year end. Budgets for the General and Special Revenue Funds shown in the financial statements are adopted on the cash basis, which is not in conformity with U.S. generally accepted accounting principals.

E. Receivables

Receivables have been recognized for all significant amounts due the County. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Inventories

The inventory of supplies held by the Road Commission as of December 31, 2003 was determined by physical count and valued at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County of Ionia as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land Improvement	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility Systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

H. Long-term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

J. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

K. Compensated Absences

Liabilities for compensated absences are recorded in the Long-Term portion of Bonds and notes payable as these liabilities are not intended to be liquidated with expendable available financial resources.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

M. Fiscal Years Other Than December 31, 2003

The financial information presented in this report is for the year ended December 31, 2003, except for the County Health Fund, which has a September 30, 2003 year end.

N. Deferred Revenue

Deferred revenue recorded in the General Fund consists of the 2004 tax levy that was levied in 2003 and will be collected in 2004 and are not available for current year expenditures.

NOTE 2: **PROPERTY TAX**

The 2003 property tax revenue include property taxes levied principally on December 1, 2002, and substantially collected in early 2003. The "2002 property taxes" became a lien on December 1, 2002, and were collected by March 1, 2003, except for those taxes which were returned delinquent. The total 2002 levy for the County was \$5,137,333 for general operating purposes.

By agreement with various taxing authorities in the County, the County purchases at face value the real property taxes receivable which became delinquent on March 1, 2003. These taxes are recorded in an Enterprise Fund (\$854,811 at December 31, 2003).

NOTE 3: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances at December 31, 2003 are as follows:

FUND	DUE FROM	FUND	DUE TO
General Fund	\$ 366,072	Child Care	\$ 17,463
		Trust and Agency	346,512
	<u>366,072</u>		<u>363,975</u>
Revolving Drain	33,299	Special Assessment Drain	41,158
Drain Equipment			
Revolving	<u>7,859</u>		
Subtotal	<u>41,158</u>	Subtotal	<u>41,158</u>
	<u>\$ 407,230</u>		<u>\$ 405,133</u>

Interfund receivables do not equal interfund payables by \$2,097. This is a result of reporting the County Health Fund on a September 30, 2003 year end. The reconciling amounts are as follows:

FUND	DUE FROM	FUND	DUE TO
	\$ _____	County Health	\$ 2,097
	<u>\$ 407,230</u>		<u>\$ 407,230</u>

RECONCILIATION TO STATEMENTS

Government funds	<u>\$ 348,609</u>	Fiduciary	<u>\$ 346,517</u>
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NOTE 4: LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2003.

	SPECIAL ASSESSMENT BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES	OTHER LONG-TERM LIABILITIES
As of January 1, 2003	\$ 1,246,401	\$ 8,730,000	\$ 204,669	\$ 832,793	\$ 24,000
Additions (Reductions)	(<u>136,753</u>)	(<u>665,000</u>)	(<u>42,713</u>)	<u>33,611</u>	(<u>2,000</u>)
As of December 31, 2003	<u>\$ 1,109,648</u>	<u>\$ 8,065,000</u>	<u>\$ 247,382</u>	<u>\$ 866,404</u>	<u>\$ 22,000</u>

Long-term debt at December 31, 2003 is comprised of the individual issues:

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
County of Ionia Sanitary Sewer Disposal System No. 1 Bonds, payable in increasing annual installments ranging from \$95,000 in 2004 to \$100,000 in 2006, plus interest at 5%	\$ 380,000	\$ (90,000)	\$ 290,000	\$ 95,000

NOTE 4: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Concluded				
County of Ionia Water/Sewer Bond, payable in increasing annual installments ranging from \$100,000 in 2004 to \$1,400,000 in 2016, plus interest from 6.0% to 14.6%	3,550,000	(50,000)	3,500,000	100,000
Michigan State Revolving Loan Fund credit advances whereby Ionia Area Disposal System No. 1, Series 1990 Bonds are purchased by the Michigan Municipal Bond Authority, payable in variable annual installments ranging from \$370,000 in 2004 to \$415,000 in 2010, plus interest at 2%	3,115,000	(365,000)	2,750,000	370,000
Ionia County Health Department Building Refunding Bonds, Series 2003, payable in increasing annual installments ranging from \$55,000 in 2004 to \$75,000 in 2013, plus interest from 5.7% to 6.3%	<u>625,000</u>	(<u>5,000</u>)	<u>620,000</u>	<u>55,000</u>
Total Primary Government	<u>\$ 7,670,000</u>	<u>\$(510,000)</u>	<u>\$ 7,160,000</u>	<u>\$ 620,000</u>
Component Units				
1998 Michigan Transportation Fund Bonds, payable in variable annual installments ranging from \$165,000 in 2004 to \$200,000 in 2008, plus interest from 4.1% to 4.25%	\$ 1,060,000	\$(155,000)	\$ 905,000	\$ 165,000
Various capital leases for the Road Commission	63,002	(63,002)		

NOTE 4: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE JANUARY 1, 2003	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2003	DUE WITHIN ONE YEAR
Component Units - Concluded				
2002 Road Commission installment loan, payable in various amounts ranging from \$40,528 in 2004 to \$30,396 in 2006, plus interest at 3.49%	\$ 141,667	\$ (35,616)	\$ 106,051	\$ 37,329
2003 Road Commission installment loan, payable in various amounts ranging from \$50,272 in 2004 to \$50,124 in 2006, plus interest at 3.27%		141,331	141,331	45,651
Various Drainage District Bonds, payable in variable annual installments, plus interest from 4.09% to 5.47%, due February 2004 to June 2013	1,178,125	(123,098)	1,055,027	372,463
Collier-Mud Creek Intercounty Drain, payable in annual installments of \$13,655 from 2004 to 2007, plus interest from 4.3% to 4.8%	<u>68,276</u>	<u>(13,655)</u>	<u>54,621</u>	<u>13,655</u>
Total Component Unit	\$ <u>2,511,070</u>	\$ <u>(249,040)</u>	\$ <u>2,262,030</u>	\$ <u>634,098</u>

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING DECEMBER 31,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	NOTES PAYABLE CONTRACT	TOTAL
2004 Principal	\$ 785,000	\$ 386,118	\$ 82,980	\$ 1,254,098
Interest	285,583	47,913	7,820	341,316
Total	1,070,583	434,031	90,800	1,595,414
2005 Principal	795,000	157,375	86,501	1,038,876
Interest	260,830	32,428	4,300	297,558
Total	1,055,830	189,803	90,801	1,336,434
2006 Principal	825,000	137,244	77,901	1,040,145
Interest	236,512	25,711	2,619	264,842
Total	1,061,512	162,955	80,520	1,304,987
2007 Principal	795,000	102,244		897,244
Interest	210,872	19,599		230,471
Total	1,005,872	121,843		1,127,715
2008 Principal	810,000	66,689		876,689
Interest	187,357	14,846		202,203
Total	997,357	81,535		1,078,892

NOTE 4: **LONG-TERM OBLIGATIONS - Concluded**

		GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	NOTES PAYABLE CONTRACT	TOTAL
YEAR ENDING DECEMBER 31,					
2009	Principal	\$ 625,000	\$ 66,689	\$	\$ 691,689
	Interest	162,900	11,836		174,736
	Total	787,900	78,525		866,425
2010	Principal	675,000	66,689		741,689
	Interest	142,382	7,520		149,902
	Total	817,382	74,209		891,591
2011	Principal	265,000	59,800		324,800
	Interest	127,869	4,459		132,328
	Total	392,869	64,259		457,128
2012	Principal	295,000	59,800		354,800
	Interest	116,684	1,762		118,446
	Total	411,684	61,562		473,246
Thereafter					
	Principal	2,195,000	7,000		2,202,000
	Interest	480,059	322		480,381
	Total	2,675,059	7,322		2,682,381
TOTAL					
	Principal	8,065,000	1,109,648	247,382	9,422,030
	Interest	2,211,048	166,396	14,739	2,392,183
	Total	10,276,048	1,276,044	262,121	11,814,213

There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

The Michigan Department of Transportation Notes are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from the collection of monies from the Michigan Department of Transportation.

The County of Ionia Sanitary Sewage Disposal System No. 1 Bonds are collateralized primarily by the full faith and credit of the City of Ionia and the Townships of Easton and Ionia under contract with the County and secondarily by the full faith and credit of the County. Principal and interest is payable solely out of contractual payments required from the local units.

The Michigan State Revolving Loan Fund program is a line of credit arrangement up to \$6,475,000 with interest guaranteed at 2%. The borrowings are collateralized by the full faith and credit of the City of Ionia and the Townships of Ionia, Berlin, Easton and Orange under contract with the County. Principal and interest is intended to be paid out of contractual payments required from the local units.

The Ionia County Health Department Building Refunding Bonds are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from the collection of cash rental payments from the County to the Ionia County Building Authority.

The Collier-Mud Creek Intercounty Drain are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from collection of special assessments levied against benefitted properties in the drainage district.

The Drainage District bonds are collateralized in full by special assessments levied against benefitted properties located in the respective districts. Principal and interest are intended to be paid from the collection of these special assessments.

NOTE 5: **COMPENSATED ABSENCES**

Compensated absences included in general long-term debt account group at December 31, 2003 are liabilities for accumulated vacation and sick benefits detailed as follows:

Road Commission	\$ 186,892
County general employees	301,568
Sheriff Department employees	201,504
Public Health employees	91,770
Commission on Aging employees	50,016
Central Dispatch employees	<u>34,654</u>
	\$ <u>866,404</u>

NOTE 6: **CONTINGENCIES**

There are various legal actions pending against the County. Due to the inconclusive nature of these actions, it is not possible for County management to determine the ultimate outcome of these actions nor a reasonable estimate of the County's potential liability, if any, beyond coverage provided through insurance or recorded liabilities. Management of the County is of the opinion that the ultimate resolution of such actions will not have a material effect on the financial position of the County.

As disclosed in the Combined Financial Statements, the County receives significant financial assistance from the State of Michigan and the federal government. The County's ability to continue operations at current levels may be dependent upon continued support from the state and federal governments.

The County has purchased liability insurance through a municipal group self insurance pool. The pool's liability limit for the County is \$15,000,000 per occurrence. The County is liable for the first \$75,000 per occurrence of coverage through this self-insurance pool. As of December 31, 2003, ending balance in the self-insurance pool was \$81,379, with reported reserves of \$33,571.

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

COUNTY OF IONIA

Plan Description

The County participates in the County of Ionia Pension Plan, a single employer defined benefit pension plan that covers all employees of the County, except the Sheriff's Department and Central Dispatch. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The County of Ionia Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the County, and requires a contribution from the employees of 3% of annual compensation and by the employer for any other required amounts.

Annual Pension Cost

For the year ended December 31, 2003 the County's annual pension cost of \$72,328 for the plan was equal to the County's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Significant actuarial assumptions used include (a) a 7.5% investment rate of return, and (b) projected salary increase of 3.5 percent per year. Both (a) and (b) include an inflation component of 0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a one year period.

NOTE 7: **DEFINED BENEFIT PENSION PLAN - Continued**

COUNTY OF IONIA - Concluded

Annual Pension Cost - Concluded

	FISCAL YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Annual pension cost	\$ 127,252	\$ 86,262	\$ 82,707
Percentage of APC contributed	56.8%	0.0%	0.0%
Net pension obligation	131,693	45,431	(37,276)
Actuarial value of assets	3,425,599	3,313,284	3,136,294
Actuarial Accrued Liability (entry age)	3,785,826	3,317,001	3,190,488
Overfunded Actuarial Accrued Liability	(360,227)	(3,717)	(54,194)
Funded ratio	.90	1.00	.98
Covered payroll	2,225,146	1,872,213	1,969,109
OAAL as a percentage of covered payroll	(16.2)%	(0.2)%	(2.8)%

SHERIFF DEPARMENT

Plan Description

The Sheriff Department participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all union employees of the Sheriff's Department. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Sheriff Department's competitive bargaining units, and requires a contribution from the employees of 3% of gross wages and by the employer for any other required amounts.

Annual Pension Cost

For the year ended December 31, 2003 the Sheriff Department's annual pension cost of \$83,004 for the plan was equal to the Sheriff Department's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Significant actuarial assumptions used include (a) a 8% investment rate of return, and (b) projected salary increase of 4.5 to 8.7 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 35 years.

	FISCAL YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Annual pension cost	\$ 49,364	\$ 86,660	\$
Percentage of APC contributed	100.0%	100.0%	100.0%
Net pension obligation			
Actuarial value of assets	1,351,437	1,040,502	934,834
Actuarial Accrued Liability (entry age)	1,484,466	1,315,769	1,163,427
Unfunded Actuarial Accrued Liability	133,029	165,006	228,593
Funded ratio	.91	.79	.80
Covered payroll	1,687,791	1,557,713	1,528,829
UAAL as a percentage of covered payroll	7.9%	10.6%	14.9 %

NOTE 7: **DEFINED BENEFIT PENSION PLAN - Concluded**

CENTRAL DISPATCH

Plan Description

In 1998, the Central Dispatch began participating in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all but three employees of the Central Dispatch. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Central Dispatch's competitive bargaining units, and requires a contribution from the employees of 6.17% of gross wages and by the employer for any other required amounts.

Annual Pension Cost

For the year ended December 31, 2003 the Central Dispatch's annual pension cost of \$30,180 for the plan was equal to the Central Dispatch's required and actual contribution. The annual required contribution was determined based on estimates at December 31, 2002. Significant actuarial assumptions used include (a) an 8% investment rate of return, and (b) projected salary increase of 4.5 to 8.7 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 35 years.

	FISCAL YEAR ENDED		
	DECEMBER 31,		
	2002	2001	2000
Annual pension cost	\$ 30,657	\$ 28,571	\$
Percentage of APC contributed	100.0 %	100.0 %	100.0%
Net pension obligation			
Actuarial value of assets	234,780	163,926	96,281
Actuarial Accrued Liability (entry age)	477,796	332,688	271,033
Unfunded Actuarial Accrued Liability	243,016	252,004	230,236
Funded ratio	.49	.24	.29
Covered payroll	424,550	431,259	382,272
UAAL as a percentage of covered payroll	57.2 %	58.4%	60.2%

NOTE 8: **COMPLIANCE WITH STATE BUDGET ACT**

P.A. 621 of 1978, as amended, requires that a local unit of government adopt a budget for the general, and special revenue. The County adopts budgets for only the general and special revenue funds. P.A. 621 also provides that a local unit shall not incur expenditures in excess of amounts appropriated. For the year ended December 31, 2003, the actual expenditures exceeded final budgeted amounts for the following funds:

	BUDGET	ACTUAL EXPENDITURES	VARIANCE (UNFAVORABLE)
General Legislative	\$ 77,915	\$ 79,296	\$ (1,381)
Special Revenue			
Veteran's Trust	5,000	5,255	(255)
Register of Deeds Automation	40,000	58,293	(18,293)
Community Development Block Grant	210,750	357,309	(146,559)

NOTE 9: **CASH AND CASH INVESTMENTS**

Cash resources from individual funds are combined to form a pool of cash deposits which is managed by the County Treasurer. Cash deposits consisted primarily of certificates of deposit, money-market savings accounts and checking accounts which are carried at cost.

The cash equity of the various funds at December 31, 2003 was as follows:

FUND	COMMON CASH	OTHER (INCLUDING IMPREST CASH OF \$2,558)	TOTAL
General	\$ 508,784	\$ 1,225	\$ 510,009
County Park	69,384		69,384
Friend of the Court	41,223	200	41,423
County Health*	545,959		545,959
Resource Recovery	15,914		15,914
Register of Deeds Automation	21,950		21,950
General Fund Designated	557,578		557,578
Budget Stabilization	5,000		5,000
Specially Designated			
Community Contribution	11,094		11,094
E-911 Central Dispatch		373,411	373,411
Drug Forfeiture	32,167		32,167
Vehicle Forfeiture Fund	250		250
Special Investigative	2,462	533	2,995
Building Inspector	220,902		220,902
Juvenile Accountability Block Grant	497		497
Law Library	3		3
Aging	103,770	150	103,920
Community Development Block Grant		37,641	37,641
OCYS Basic Grant	384		384
Soldiers' and Sailors' Relief	6,608		6,608
Veterans' Trust	2,081		2,081
Court's Security Fund	260,580		260,580
Bond Redemption		1,180	1,180
Water/Sewer Bond Redemption		19,698	19,698
Health Building Debt		220,149	220,149
Road Commission		475,523	475,523
Water/Sewer Construction		1	1
Johnson Road Improvement	120,831		120,831
Airport Fund	10,918		10,918
Revolving Drain	21,701		21,701
Delinquent Tax Revolving		6,498,251	6,498,251
Drain Equipment Revolving	141		141
Trust and Agency		1,403,684	1,403,684
Cemetery Trust		286,090	286,090
Library Penal		241,246	241,246
County Drain	<u>1,113,135</u>		<u>1,113,135</u>
TOTAL CASH	\$ <u>3,673,316</u>	\$ <u>9,558,982</u>	\$ <u>13,232,298</u>

*As of 12-31-03 since part of common cash

NOTE 9: **CASH AND CASH INVESTMENTS - Concluded**
RECONCILIATION TO STATEMENTS

	COMMON CASH	OTHER CASH	TOTAL
Government funds	\$ 2,527,421	\$ 940,278	\$ 3,467,699
Proprietary funds			
Enterprise	10,918	6,498,251	6,509,169
Fiduciary funds		1,644,930	1,644,930
Component units	<u>1,134,977</u>	<u>475,523</u>	<u>1,610,500</u>
TOTAL	\$ <u>3,673,316</u>	\$ <u>9,558,982</u>	\$ <u>13,232,298</u>

COMMON
CASH

FINANCIAL STATEMENT PRESENTATION

Cash and cash investments	\$ 6,647,364
Cash and cash investments – Agency funds	1,644,930
Investments	<u>4,918,849</u>
	13,211,143
Timing difference in County	
Health Cash Balance	<u>21,155</u>
	\$ <u>13,232,298</u>

Investments

State statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper within the three highest rate classifications by at least two rating services, repurchase agreements collateralized by U.S. Government securities, bankers' acceptances and mutual funds composed of investments which are legal for direct investment by local units of government in Michigan.

As of December 31, 2003, the carrying amount and bank balance for each type of account is as follows:

ACCOUNT TYPE	BOOK BALANCE	BANK BALANCE
Cash/bank accounts	\$ 7,292,331	\$ 7,487,942
Federal home loan	5,568,383	5,528,646
Certificates of deposit	371,125	371,125

The County's investments (and cash deposits) are categorized as follows to give an indication of the level of credit risk assumed by the County. Category 1 includes deposits and investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' trust department or agent in the County's name. U.S. Treasury Bills are categorized for credit risk.

The County has adopted a formal investment policy – as required by Act 20 PA 1943 as amended - that complies with state law.

	CATEGORY 1	CATEGORY 2
Insured deposits	\$ <u>2,005,113</u>	\$ <u>11,382,600</u>

NOTE 10: ADVANCES TO OTHER FUNDS

To provide the Revolving Drain Fund and Drain Equipment Revolving with operating funds, the General Fund has provided long-term advances to these funds. These advances are not expected to be repaid during the current year and therefore a portion of the General Fund's fund balance has been reserved to indicate that the amounts receivable as advances to the other funds do not constitute "available spendable resources" since they are not a component of net current assets.

NOTE 11: OPERATING TRANSFERS

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
County Drain	\$ 80,472	General	\$ 900,682
Law Library	2,000		
Child Care	613,921		
County Health*	189,468		
Resource Recovery	30,000		
Soldiers' and Sailors' relief	<u>350</u>		
Subtotal	<u>916,211</u>	Subtotal	<u>900,682</u>
Road Commission*	64,000	Delinquent Tax Revolving	475,265
County Park	100,000		
General	25,000		
General Fund Designated	<u>286,265</u>		
Subtotal	<u>475,265</u>	Subtotal	<u>475,265</u>
TOTAL	\$ <u>1,391,476</u>	TOTAL	\$ <u>1,375,947</u>

*The County Health Fund is reported in a year end that is different than that of the General Fund. This results in a timing difference in operating transfers as described below:

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
County Health*	\$ (<u>15,529</u>)		\$ <u> </u>
	\$ <u>1,375,947</u>		\$ <u>1,375,947</u>

NOTE 12: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two Enterprise Funds: the Airport Fund and Delinquent Tax Revolving. Segment information for the year ended December 31, 2003 is as follows:

	AIRPORT	DELINQUENT TAX REVOLVING
Operating revenues	\$ 26,290	\$ 252,925
Operating expenses	161,688	31,458
Operating income (loss)	(135,398)	221,467
Operating transfers out		(475,265)
Net income (loss)	(135,398)	340,781
Working capital	7,939	7,352,849
Retained earnings	1,513,563	7,352,849
Total assets	11,453	7,352,849

NOTE 13: FUND EQUITY

Retained earning/fund balances have been reserved to indicate that portion of the fund equity which has been legally segregated for specific purposes. The following are reserved retained earning balances as of December 31, 2003:

GENERAL

Reserved for long-term advances \$ 63,000

DEBT SERVICE

Bond Redemption fund \$ 1,180

Health Building Debt fund 220,150

2001 Water/Sewer Bond Redemption 19,698

\$ 241,028

SPECIAL REVENUE

E-911 Central Dispatch \$ 77,520

CAPITAL PROJECTS FUND

Johnson Road Improvement \$ 122,034

Capital Projects 491,068

\$ 613,102

PERMANENT

Cemetery trust \$ 281,308

ENTERPRISE

Delinquent Tax Fund

Reserved for airport grant match \$ 20,000

Reserved for capital improvements 345,880

Reserved for Road Commission bridge grant 64,000

Reserved for Facilities 250,000

\$ 679,880

COMPONENT UNITS

County Drain Fund \$ 1,957,837

NOTE 14: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2003	ADDITIONS	DELETIONS	DECEMBER 31, 2003
Capital assets not being depreciated				
Land	\$ <u>331,075</u>	\$ _____	\$ _____	\$ <u>331,075</u>
Capital assets being depreciated				
Buildings	6,239,784			6,239,784
Improvements	1,274,762			1,274,762
Machinery and equipment	<u>868,939</u>	<u>282,895</u>	_____	<u>1,151,834</u>
Total Capital assets being depreciated	<u>8,383,485</u>	<u>282,895</u>	_____	<u>8,666,380</u>
Less: Accumulated depreciation				
Buildings	1,817,972	123,264		1,941,236
Improvements	405,294	28,901		434,195
Machinery and equipment	<u>418,923</u>	<u>155,714</u>	_____	<u>574,637</u>
Total Accumulated Depreciation	<u>2,642,189</u>	<u>307,879</u>	_____	<u>2,950,068</u>
Total Capital Assets being depreciated - Net	<u>5,741,296</u>	(<u>24,984</u>)	_____	<u>5,716,312</u>
NET CAPITAL ASSETS	\$ <u>6,072,371</u>	\$ (<u>24,984</u>)	\$ _____	\$ <u>6,047,387</u>

NOTE 14: **CAPITAL ASSETS** - Continued

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 107,406
Judicial	25,335
Health and Welfare	84,541
Public Safety	<u>90,597</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	\$ <u>307,879</u>

A summary of the asset activity for the governmental activity component unit is as follows:

	JANUARY 1, 2003	ADDITIONS	DELETIONS	DECEMBER 31, 2003
COMPONENT UNIT				
Capital assets not being depreciated				
Land	\$ 79,821	\$	\$	\$ 79,821
Land improvements	8,493,970	691,571		9,185,541
Right of ways	<u>80,000</u>	<u></u>	<u></u>	<u>80,000</u>
Total Capital Assets not being depreciated	<u>8,653,791</u>	<u>691,571</u>	<u></u>	<u>9,345,362</u>
Capital assets being depreciated				
Building and improvements	2,435,342	36,625		2,471,967
Equipment	5,477,882	427,607	(386,533)	5,518,956
Infrastructure	30,970,291	2,864,107	(1,087,393)	32,747,005
Depletable aseets	<u>10,080</u>	<u></u>	<u></u>	<u>10,080</u>
Total Capital Assets being depreciated	<u>38,893,595</u>	<u>3,328,339</u>	<u>(1,473,926)</u>	<u>40,748,008</u>
Less: accumulated depreciation				
Buildings	534,485	70,589		605,074
Equipment	4,279,571	502,385	(370,806)	4,411,150
Infrastructure	<u>11,759,750</u>	<u>2,136,126</u>	<u>(1,087,393)</u>	<u>12,808,483</u>
Total Accumulated Depreciation	<u>16,573,806</u>	<u>2,709,100</u>	<u>(1,458,199)</u>	<u>17,824,707</u>
Total Capital Assets being depreciated	<u>22,319,789</u>	<u>619,239</u>	<u>(15,727)</u>	<u>22,923,301</u>
NET CAPITAL ASSETS	\$ <u>30,973,580</u>	\$ <u>1,310,810</u>	\$ <u>(15,727)</u>	\$ <u>32,268,663</u>

NOTE 14: **CAPITAL ASSETS - Concluded**

Capital assets for business-type activities have been summarized as follows:

	JANUARY 1, 2003	ADDITIONS	DELETIONS	DECEMBER 31, 2003
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ <u>210,060</u>	\$ _____	\$ _____	\$ <u>210,060</u>
Capital assets being depreciated				
Buildings	177,909			177,909
Equipment	4,016			4,016
Improvements	<u>1,707,261</u>	_____	_____	<u>1,707,261</u>
Total Capital Assets being depreciated	<u>1,889,186</u>	_____	_____	<u>1,889,186</u>
Less: accumulated depreciation				
Buildings	131,859	1,710		133,569
Machinery and equipment	4,016			4,016
Improvements	<u>342,378</u>	<u>113,659</u>	_____	<u>456,037</u>
Total Accumulated Depreciation	<u>478,253</u>	<u>115,369</u>	_____	<u>593,622</u>
Total Capital Assets being depreciated	<u>1,410,933</u>	(<u>115,369</u>)	_____	<u>1,295,564</u>
NET CAPITAL ASSETS	\$ <u>1,620,993</u>	\$ (<u>115,369</u>)	\$ _____	\$ <u>1,505,624</u>

Depreciation expense for business-type activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
Airport	\$ <u>115,369</u>

NOTE 15: **PRIOR PERIOD ADJUSTMENT**

County Health	
Unexpended grant money for 2002 withheld in 2003	\$(22,519)
Airport	
Fixed assets for previous years	1,620,993
Michigan Transportation Debt	
Correction of prior year error	(1,912)

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GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAXES	\$ 4,998,000	\$ 4,964,598	\$ (33,402)
LICENSES AND PERMITS	115,500	116,433	933
FEDERAL AND STATE GRANTS			
Civil Defense Emergency Services	6,000	123,414	117,414
Prosecuting Attorney Reimbursement	58,000	51,663	(6,337)
LEPC Grant	600	222	(378)
Court standardization and reimbursement	455,915	451,339	(4,576)
Circuit Court reimbursement	166,384	145,664	(20,720)
Secondary Road Patrol	92,768	92,768	
Marine safety	4,200	4,165	(35)
Remonumentation	46,064	46,064	
State shared revenues	1,406,553	1,168,174	(238,379)
Liquor inspection	8,200	10,136	1,936
Cigarette tax	33,836	36,997	3,161
Other grants		38,657	38,657
Other reimbursements	46,800	58,676	11,876
TOTAL FEDERAL AND STATE GRANTS	2,325,320	2,227,939	(97,381)
CHARGES FOR SERVICES			
District Court - civil and oversight fees	87,000	97,275	10,275
District - costs, bond forfeitures and assessments	784,500	781,758	(2,742)
Register of Deeds	400,000	584,758	184,758
Sheriff	430,500	389,682	(40,818)
County Clerk	42,000	43,626	1,626
Circuit Court	49,000	62,381	13,381
Equalization	3,500	6,460	2,960
Probate Court	169,218	125,986	(43,232)
Animal shelter	20,000	14,900	(5,100)
Prisoner care		(26,970)	(26,970)
Friend of the Court processing fee		7,342	7,342
Juvenile Court	69,317	67,828	(1,489)
Prosecuting Attorney	46,500	31,298	(15,202)
Drain Commissioner	20,202	15,141	(5,061)
Other services	4,000	11,305	7,305
TOTAL CHARGES FOR SERVICES	2,125,737	2,212,770	87,033

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES - BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FINES AND FORFEITURES			
Ordinance fines and costs	\$ 140,000	\$ 168,310	\$ 28,310
Bond forfeitures	<u>20,000</u>	<u>16,710</u>	<u>(3,290)</u>
TOTAL FINES AND FORFEITURES	<u>160,000</u>	<u>185,020</u>	<u>25,020</u>
INTEREST AND RENTS			
Interest	130,000	86,709	(43,291)
Rents	<u>4,000</u>	<u>7,163</u>	<u>3,163</u>
TOTAL INTEREST AND RENTS	<u>134,000</u>	<u>93,872</u>	<u>(40,128)</u>
OTHER REVENUES	<u>325,573</u>	<u>349,446</u>	<u>23,873</u>
TOTAL REVENUES	<u>\$ 10,184,130</u>	<u>\$ 10,150,078</u>	<u>\$ (34,052)</u>

IONIA COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
LEGISLATIVE			
Board of Commissioners	\$ 77,915	\$ 79,296	\$ (1,381)
JUDICIAL			
Circuit Court	491,779	484,145	7,634
District Court	705,148	681,564	23,584
Jury Commission	4,950	4,945	5
Attorney/Jury/Witness	30,500	15,555	14,945
Probate Court	414,592	378,985	35,607
Juvenile Court	355,105	342,010	13,095
Probation		(58)	58
TOTAL JUDICIAL	2,002,074	1,907,146	94,928
GENERAL GOVERNMENT			
Administration	157,807	151,741	6,066
Elections	8,000	1,529	6,471
Finance	111,400	112,325	(925)
County Clerk	161,005	155,397	5,608
Equalization	171,941	164,501	7,440
Prosecuting Attorney	444,223	429,756	14,467
Register of deeds	171,058	166,748	4,310
County Treasurer	164,681	160,758	3,923
Data processing	122,779	120,954	1,825
Courthouse and grounds	550,657	522,614	28,043
Drain Commissioner	126,285	121,718	4,567
Cooperative extension service	168,937	168,727	210
Miscellaneous	102,300	89,299	13,001
TOTAL GENERAL GOVERNMENT	2,461,073	2,366,067	95,006
PUBLIC SAFETY			
Fleet maintenance	39,000	36,713	2,287
Sheriff	1,095,825	1,056,764	39,061
Marine safety	9,281	4,860	4,421
Secondary road patrol	108,615	105,457	3,158
Jail	1,607,481	1,564,918	42,563
Emergency service	18,200	17,824	376
Public works	17,400	554	16,846
Animal shelter	147,331	140,218	7,113
Drug enforcement	64,573	61,291	3,282
TOTAL PUBLIC SAFETY	3,107,706	2,988,599	119,107

IONIA COUNTY, MICHIGAN

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
Medical examiner	\$ 60,000	\$ 44,848	\$ 15,152
Veterans' burial	32,779	22,832	9,947
Contagious disease	3,000	480	2,520
Substance abuse	55,851	54,727	1,124
TOTAL HEALTH AND WELFARE	151,630	122,887	28,743
OTHER EXPENDITURES			
Soil conservation	10,000	10,000	
Planning commission	79,131	60,501	18,630
Record copying		(2,043)	2,043
Insurance and bonding	1,183,200	1,208,804	(25,604)
Remonumentation	46,064	46,064	
Economic Development	55,000	42,159	12,841
Miscellaneous	170,000	169,650	350
TOTAL OTHER EXPENDITURES	1,543,395	1,535,135	8,260
TOTAL EXPENDITURES	\$ 9,343,793	\$ 8,999,130	\$ 344,663

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SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Special Revenue Funds in Ionia County are:

County Park

Friend of the Court

Resource Recovery (1)

Pesticide Collection

Public Improvement

Budget Stabilization

Specifically Designated Community Contribution

Resource Recovery (2)

Building Inspector

Vehicle Forfeiture Fund

Law Library

Aging

Community Development Block Grant

Juvenile Accountability Block Grant

Juvenile Justice Services

Child Care

Soldiers' and Sailors' Relief

Drug Forfeiture

Veterans' Trust

Court's Security

Register of Deeds Automation

IONIA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	COUNTY PARK	FRIEND OF THE COURT	RESOURCE RECOVERY (1)
ASSETS			
Cash and cash equivalents	\$ 69,384	\$ 41,423	\$
Accounts receivable			
Due from other governmental units		154,686	
Prepaid expenses			
TOTAL ASSETS	<u>\$ 69,384</u>	<u>\$ 196,109</u>	<u>\$</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 255	\$ 1,365	\$
Due to other funds			
Accrued payroll	<u>1,957</u>	<u>26,558</u>	
TOTAL LIABILITIES	<u>2,212</u>	<u>27,923</u>	
FUND BALANCE			
Unrestricted	<u>67,172</u>	<u>168,186</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 69,384</u>	<u>\$ 196,109</u>	<u>\$</u>

PESTICIDE COLLECTION	PUBLIC IMPROVEMENT	BUDGET STABI- LIZATION	SPECIFICALLY DESIGNATED COMMUNITY CONTRIBUTION	SPECIAL INVESTIGATIVE
\$	\$	\$ 5,000	\$ 11,094	\$ 2,995
<u>\$</u>	<u>\$</u>	<u>\$ 5,000</u>	<u>\$ 11,094</u>	<u>\$ 2,995</u>
\$	\$	\$	\$	\$
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u>5,000</u>	<u>11,094</u>	<u>2,995</u>
<u>\$</u>	<u>\$</u>	<u>\$ 5,000</u>	<u>\$ 11,094</u>	<u>\$ 2,995</u>

IONIA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2003

	RESOURCE RECOVERY (2)	BUILDING INSPECTOR	VEHICLE FORFEITURE FUND	LAW LIBRARY
ASSETS				
Cash and cash equivalents	\$ 15,914	\$ 220,902	\$ 250	\$ 3
Accounts receivable	601			
Due from other governmental units				
Prepaid expenses				
TOTAL ASSETS	<u>\$ 16,515</u>	<u>\$ 220,902</u>	<u>\$ 250</u>	<u>\$ 3</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 883	\$ 130	\$	\$
Due to other funds				
Accrued payroll	<u>1,602</u>	<u>956</u>		
TOTAL LIABILITIES	<u>2,485</u>	<u>1,086</u>		
FUND BALANCE				
Unrestricted	<u>14,030</u>	<u>219,816</u>	<u>250</u>	<u>3</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 16,515</u>	<u>\$ 220,902</u>	<u>\$ 250</u>	<u>\$ 3</u>

AGING	COMMUNITY DEVELOPMENT BLOCK GRANT	JUVENILE ACCOUNTABILITY BLOCK GRANT	JUVENILE JUSTICE SERVICES	CHILD CARE	SOLDIERS' & SAILORS' RELIEF
\$ 103,920	\$ 37,641 4,030	\$ 497	\$ 384	\$	\$ 6,608
	12,140			26,583	
<u>7,723</u>					
\$ <u>111,643</u>	\$ <u>53,811</u>	\$ <u>497</u>	\$ <u>384</u>	\$ <u>26,583</u>	\$ <u>6,608</u>
\$ 29,172	\$ 13,941	\$	\$	\$	\$
				17,463	
<u>34,341</u>				<u>3,975</u>	
<u>63,513</u>	<u>13,941</u>			<u>21,438</u>	
<u>48,130</u>	<u>39,870</u>	<u>497</u>	<u>384</u>	<u>5,145</u>	<u>6,608</u>
\$ <u>111,643</u>	\$ <u>53,811</u>	\$ <u>497</u>	\$ <u>384</u>	\$ <u>26,583</u>	\$ <u>6,608</u>

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IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS - Concluded

DECEMBER 31, 2003

	DRUG FORFEITURE	VETERANS' TRUST	COURT'S SECURITY	REGISTER OF DEEDS AUTOMATION	TOTAL
ASSETS					
Cash and cash equivalents	\$ 32,167	\$ 2,081	\$ 260,580	\$ 21,950	\$ 832,793
Accounts receivable					4,631
Due from other governmental units					193,409
Prepaid expenses					7,723
TOTAL ASSETS	<u>\$ 32,167</u>	<u>\$ 2,081</u>	<u>\$ 260,580</u>	<u>\$ 21,950</u>	<u>\$ 1,038,556</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$	\$ 1,332	\$ 221	\$	\$ 47,299
Due to other funds					17,463
Accrued payroll			2,445		71,834
TOTAL LIABILITIES		<u>1,332</u>	<u>2,666</u>		<u>136,596</u>
FUND BALANCE					
Unrestricted	<u>32,167</u>	<u>749</u>	<u>257,914</u>	<u>21,950</u>	<u>901,960</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 32,167</u>	<u>\$ 2,081</u>	<u>\$ 260,580</u>	<u>\$ 21,950</u>	<u>\$ 1,038,556</u>

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	COUNTY PARK	FRIEND OF THE COURT	RESOURCE RECOVERY (1)
REVENUES			
Federal and state grants	\$	\$ 505,550	\$
Fines and forfeitures		20,777	
Interest and rents	3,600		
Charges for services	15,758		(681)
Contributions from private sources			
Other	<u>9,370</u>	<u>55,793</u>	<u></u>
TOTAL REVENUES	<u>28,728</u>	<u>582,120</u>	<u>(681)</u>
EXPENDITURES			
Judicial		625,961	
General government			
Health and welfare			
Public safety			
Other	<u>81,635</u>	<u></u>	<u>(1,451)</u>
TOTAL EXPENDITURES	<u>81,635</u>	<u>625,961</u>	<u>(1,451)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>(52,907)</u>	<u>(43,841)</u>	<u>770</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>100,000</u>	<u></u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	47,093	(43,841)	770
FUND BALANCE, JANUARY 1	20,079	212,027	340
RESIDUAL EQUITY TRANSFER	<u></u>	<u></u>	<u>(1,110)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 67,172</u>	<u>\$ 168,186</u>	<u>\$</u>

PESTICIDE COLLECTION	PUBLIC IMPROVEMENT	BUDGET STABI- LIZATION	SPECIFICALLY DESIGNATED COMMUNITY CONTRIBUTION	SPECIAL INVESTIGATIVE
\$	\$	\$	\$	\$
			6,452	
			6,452	
			864	129
			864	129
			5,588	(129)
			5,588	(129)
9,094	326,306	5,000	5,506	3,124
(9,094)	(326,306)			
\$	\$	\$	\$	\$
		5,000	11,094	2,995

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS - Continued

FOR THE YEAR ENDED DECEMBER 31, 2003

	RESOURCE RECOVERY (2)	BUILDING INSPECTOR	VEHICLE FORFEITURE FUND	LAW LIBRARY
REVENUES				
Federal and state grants	\$ 45,242	\$	\$	\$
Fines and forfeitures				6,500
Interest and rents				
Charges for services	7,547	450,670		
Contributions from private sources				
Other	952			
TOTAL REVENUES	<u>53,741</u>	<u>450,670</u>		<u>6,500</u>
EXPENDITURES				
Judicial				
General government				8,497
Health and welfare				
Public safety		371,044	125	
Other	79,915			
TOTAL EXPENDITURES	<u>79,915</u>	<u>371,044</u>	<u>125</u>	<u>8,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>(26,174)</u>	<u>79,626</u>	<u>(125)</u>	<u>(1,997)</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>30,000</u>			<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,826	79,626	(125)	3
FUND BALANCE, JANUARY 1		140,190	375	
RESIDUAL EQUITY TRANSFER	<u>10,204</u>			
FUND BALANCE, DECEMBER 31	<u>\$ 14,030</u>	<u>\$ 219,816</u>	<u>\$ 250</u>	<u>\$ 3</u>

AGING	COMMUNITY DEVELOPMENT BLOCK GRANT	JUVENILE ACCOUNTABILITY BLOCK GRANT	JUVENILE JUSTICE SERVICES	CHILD CARE	SOLDIERS' & SAILORS' RELIEF
\$ 842,252	\$ 273,147	\$ 14	\$ 6,548	\$ 203,314	\$
	75,934				
<u>322,294</u>	<u>349,081</u>	<u>14</u>	<u>6,548</u>	<u>53,819</u>	<u> </u>
<u>1,164,546</u>				<u>257,133</u>	<u> </u>
		371	6,164		
1,116,416				865,909	
<u> </u>	<u>357,309</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>1,116,416</u>	<u>357,309</u>	<u>371</u>	<u>6,164</u>	<u>865,909</u>	<u> </u>
<u>48,130</u>	<u>(8,228)</u>	<u>(357)</u>	<u>384</u>	<u>(608,776)</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>613,921</u>	<u>350</u>
48,130	(8,228)	(357)	384	5,145	350
	48,098	854			6,258
<u>48,130</u>	<u>39,870</u>	<u>497</u>	<u>384</u>	<u>5,145</u>	<u>6,608</u>

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IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2003

	DRUG FORFEITURE	VETERANS' TRUST	COURT'S SECURITY	REGISTER OF DEEDS AUTOMATION	TOTAL
REVENUES					
Federal and state grants	\$	\$ 5,487	\$	\$	\$ 1,881,554
Fines and forfeitures	764				28,041
Interest and rents	594			313	4,507
Charges for services				79,930	629,158
Contributions from private sources					6,452
Other			103,372		545,600
TOTAL REVENUES	<u>1,358</u>	<u>5,487</u>	<u>103,372</u>	<u>80,243</u>	<u>3,095,312</u>
EXPENDITURES					
Judicial			68,342		700,838
General government					8,497
Health and welfare		5,255			1,987,580
Public safety	1,064				373,226
Other				58,293	575,701
TOTAL EXPENDITURES	<u>1,064</u>	<u>5,255</u>	<u>68,342</u>	<u>58,293</u>	<u>3,645,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>294</u>	<u>232</u>	<u>35,030</u>	<u>21,950</u>	<u>(550,530)</u>
OTHER FINANCING SOURCES					
Operating transfers in					746,271
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	294	232	35,030	21,950	195,741
FUND BALANCE, JANUARY 1	31,873	517	222,884		1,032,525
RESIDUAL EQUITY TRANSFER					(326,306)
FUND BALANCE, DECEMBER 31	<u>\$ 32,167</u>	<u>\$ 749</u>	<u>\$ 257,914</u>	<u>\$ 21,950</u>	<u>\$ 901,960</u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors, and other grantors of Capital Projects Fund Revenue, that their requirements regarding the use of the revenue were fully satisfied.

In this category, Ionia County administers the transactions of the Capital Improvements, Johnson Road Improvement, and BPW Water/Sewer Construction.

IONIA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	CAPITAL IMPROVEMENTS	JOHNSON ROAD IMPROVEMENT	BPW WATER / SEWER CONSTRUCTION	TOTAL
ASSETS				
Cash and cash investments	\$	\$ 120,831	\$	\$ 120,831
Accounts receivable		1,203		1,203
TOTAL ASSETS	\$	\$ 122,034	\$	\$ 122,034
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
FUND BALANCE				
Reserved for capital expenditures		122,034		122,034
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 122,034	\$	\$ 122,034

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

	CAPITAL IMPROVEMENTS	JOHNSON ROAD IMPROVEMENT	BWP WATER / SEWER CONSTRUCTION	TOTAL
REVENUES				
Interest and rents	\$	\$ 2,047	\$ 305	\$ 2,352
Charges for services	(23,350)	13,731		(9,619)
TOTAL REVENUES	(23,350)	15,778	305	(7,267)
EXPENDITURES				
Capital outlay	(62,092)		26,663	(35,429)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,742	15,778	(26,358)	28,162
FUND BALANCE, JANUARY 1	316,614	106,256	26,358	449,228
RESIDUAL EQUITY TRANSFER	(355,356)			(355,356)
FUND BALANCE, DECEMBER 31	\$	\$ 122,034	\$	\$ 122,034

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FIDUCIARY FUNDS

Fiduciary Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

In this category, Ionia County administers the transactions of the Trust and Agency Fund, and Library Penal.

IONIA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2003

	TRUST AND AGENCY	LIBRARY PENAL	TOTAL
ASSETS			
Cash and cash investments	\$ 1,403,684	\$ 241,246	\$ 1,644,930
Accounts receivable	<u>19,358</u>	<u></u>	<u>19,358</u>
TOTAL ASSETS	<u>\$ 1,423,042</u>	<u>\$ 241,246</u>	<u>\$ 1,664,288</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 17,163	\$	\$ 17,163
Due to other governmental units	146,181	241,246	387,427
Due to State	11,583		11,583
Due to other funds	346,222		346,222
Undistributed tax collection	<u>901,893</u>	<u></u>	<u>901,893</u>
TOTAL LIABILITIES	<u>\$ 1,423,042</u>	<u>\$ 241,246</u>	<u>\$ 1,664,288</u>

PERMANENT FUND

The permanent fund exists to account for resources legally held in trust to be used for General Fund Designated and Cemetery Trust.

IONIA COUNTY, MICHIGAN

BALANCE SHEET

PERMANENT FUNDS

DECEMBER 31, 2003

	GENERAL FUND DESIGNATED	CEMETERY TRUST	TOTAL
ASSETS			
Cash and cash equivalents	\$ <u>557,578</u>	\$ <u>286,090</u>	\$ <u>843,668</u>
LIABILITIES			
Accounts Payable	\$ <u>66,510</u>	\$ <u> </u>	\$ <u>66,510</u>
FUND BALANCE			
Reserved for cemetery trust		281,308	281,308
Reserved for capital projects	491,068		491,068
Unreserved	<u> </u>	<u>4,782</u>	<u>4,782</u>
TOTAL FUND BALANCE	<u>491,068</u>	<u>286,090</u>	<u>777,158</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>557,578</u>	\$ <u>286,090</u>	\$ <u>843,668</u>

IONIA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND DESIGNATED	CEMETARY TRUST	TOTAL
REVENUES			
Other	\$ <u>157,653</u>	\$ <u> </u>	\$ <u>157,653</u>
EXPENDITURES			
Other	<u>634,512</u>	<u>4,959</u>	<u>639,471</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(476,859)</u>	<u> </u>	<u>(476,859)</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>286,265</u>	<u> </u>	<u>286,265</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(190,594)	(4,959)	(195,553)
FUND BALANCE, JANUARY 1		291,049	291,049
RESIDUAL EQUITY TRANSFER	<u>681,662</u>	<u> </u>	<u>681,662</u>
FUND BALANCE, DECEMBER 31	\$ <u><u>491,068</u></u>	\$ <u><u>286,090</u></u>	\$ <u><u>777,158</u></u>

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COMPONENT UNITS

A discretely presented component unit is an entity that is legally separate from the County, but for which the County is financially accountable or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

Component units of Ionia County are:

Road Commission

Drain Revolving Fund

County Drain Fund

Drain Equipment Revolving Fund

General Long-Term Debt

IONIA COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING BALANCE SHEET
DECEMBER 31, 2003

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>INTERNAL SERVICE</u>	<u>ACCOUNT GROUP</u>		
	<u>ROAD</u>	<u>DRAIN</u>	<u>DRAIN</u>	<u>GENERAL</u>		
	<u>COMMISSION</u>	<u>REVOLVING FUND</u>	<u>DRAIN FUND</u>	<u>EQUIPMENT REVOLVING</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL</u>
ASSETS						
Cash and cash equivalents	\$ 475,523	\$ 21,701	\$ 1,113,135	\$ 141	\$	\$ 1,610,500
Due from other funds		33,299		7,859		41,158
Due from other units	916,463					916,463
Accounts receivable	51,637					51,637
Prepaid expenses	47,554					47,554
Inventory	289,886					289,886
Amount to be provided for retirement of general long-term debt					1,246,401	1,246,401
TOTAL ASSETS	<u>\$ 1,781,063</u>	<u>\$ 55,000</u>	<u>\$ 1,113,135</u>	<u>\$ 8,000</u>	<u>\$ 1,246,401</u>	<u>\$ 4,203,599</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Long-term advances	\$ 217,746	\$ 55,000	\$	\$ 8,000	\$	\$ 280,746
Accounts payable	81,888		649			82,537
Retention payable	1,767					1,767
Accrued liabilities	61,546					61,546
Due to other funds			41,158			41,158
Due to other units	39,276					39,276
Bonds and notes payable					1,246,401	1,246,401
TOTAL LIABILITIES	<u>402,223</u>	<u>55,000</u>	<u>41,807</u>	<u>8,000</u>	<u>1,246,401</u>	<u>1,753,431</u>
FUND EQUITY						
Reserved	445,563		1,071,328			1,516,891
Unreserved						
Designated	134,021					134,021
Undesignated	799,256					799,256
TOTAL FUND EQUITY	<u>1,378,840</u>		<u>1,071,328</u>			<u>2,450,168</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,781,063</u>	<u>\$ 55,000</u>	<u>\$ 1,113,135</u>	<u>\$ 8,000</u>	<u>\$ 1,246,401</u>	<u>\$ 4,203,599</u>

IONIA COUNTY, MICHIGAN

COMPONENT UNITS

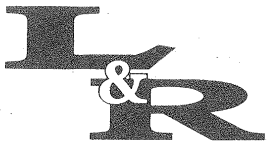
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

	SPECIAL REVENUE	CAPITAL PROJECTS	
	ROAD COMMISSION	COUNTY DRAIN FUND	TOTAL
REVENUES			
Taxes	\$	\$ 430,276	\$ 430,276
Licenses and permits	41,260		41,260
Intergovernmental	7,287,061		7,287,061
Charges for services	1,266,363		1,266,363
Other	67,667	107,768	175,435
Interest	18,804	21,725	40,529
TOTAL REVENUES	<u>8,681,155</u>	<u>559,769</u>	<u>9,240,924</u>
EXPENDITURES			
Maintenance	8,343,344	381,172	8,724,516
Principal payment	253,618	364,151	617,769
Interest and fiscal charges	51,849	60,406	112,255
TOTAL EXPENDITURES	<u>8,648,811</u>	<u>805,729</u>	<u>9,454,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>32,344</u>	<u>(245,960)</u>	<u>(213,616)</u>
OTHER FINANCING SOURCES			
Operating transfers in	64,000	80,472	144,472
Proceeds from bonds issued	141,331	227,400	368,731
TOTAL OTHER FINANCING SOURCES	<u>205,331</u>	<u>307,872</u>	<u>513,203</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	237,675	61,912	299,587
FUND BALANCE, JANUARY 1	<u>1,141,165</u>	<u>1,009,416</u>	<u>2,150,581</u>
FUND BALANCE, DECEMBER 31	<u>\$ 1,378,840</u>	<u>\$ 1,071,328</u>	<u>\$ 2,450,168</u>

IONIA COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2003

	INTERNAL SERVICE DRAIN EQUIPMENT REVOLVING
OPERATING REVENUES	
Charges for services	\$ <u>28,984</u>
OPERATING EXPENSES	
Supplies and other operating expenses	<u>36,192</u>
NET LOSS	(7,208)
RETAINED EARNINGS, JANUARY 1	<u>7,208</u>
RETAINED EARNINGS, DECEMBER 31	\$ <u><u> </u></u>



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
County of Ionia
Ionia, Michigan

We have audited the general purpose financial statements of the COUNTY OF IONIA, Michigan as of and for the year ended December 31, 2003, and have issued our report thereon dated April 2, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County of Ionia, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of County of Ionia in a separate letter dated April 2, 2004.

This report is intended for the information of the management, and the Board of Commissioners and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountants

East Lansing, Michigan
April 2, 2004

